

## Message Text

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ACTION COME-00

INFO OCT-01 NEA-09 ISO-00 EB-07 /017 W

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R 271212Z FEB 75

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 4718

UNCLAS RABAT 1063

FOR USDOC AND NEA/AFN MONTVILLE

E.O. 11652: N/A

TAGS: BDIS MO

SUBJECT: MIDLAND-ROSS CORPORATION REQUEST FOR AID IN OBTAINING  
PAYMENT

REF: RABAT 0538

1. EMBOFF CALLED ON TAIEB SKALLI, DIRECTEUR DES MINES, IN  
MINISTRY OF COMMERCE, INDUSTRY AND MINES TO DISCUSS PAYMENT  
OF THE APPROXIMATELY 200,000 DOLLARS DUE MIDLAND-ROSS BY  
MOROCCAN GOVERNMENT CORPORATION SEFERIF. SKALLI EXPLAINED  
GOM VIEW AT LENGTH AND APPEARED TO BE AS ANGUISHED AS HE  
SAID HE WAS OVER THIS MATTER. SKALLI SAID THAT CENTRAL  
PROBLEM UNDER CONTRACT WITH MIDREX WAS THAT FURNACES WERE  
WARRANTED REACH PRESCRIBED VOLUME AND QUALITY OF PRODUCTION.  
TO THIS DAY FURNACES HAVE NOT PRODUCED AGREED VOLUME OR  
QUALITY.

2. MIDREX CLAIMED AT ONE TIME THAT PROBLEM LAY WITH  
MOROCCAN PERSONNEL WHO ALTHOUGH AMERICAN TRAINED WERE NOT  
PROPERLY OPERATING FURNACES TO OBTAIN OPTIMUM RESULTS.  
MIDREX SENT THREE OF ITS OWN TECHNICIANS, TWO AT GOM EXPENSE,  
TO OPERATE FURNACES TO DETERMINE WHETHER INSTALLATION INDEED  
CAPABLE OF MEETING PRESCRIBED STANDARDS. MIDREX TEAM PRODUCED  
NEITHER THE QUANTITY NOR QUALITY PRESCRIBED. ADDITIONAL  
TRAINING MOROCCAN PERSONNEL ALSO UNDERTAKEN WITHOUT IMPROVED  
RESULTS.

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3. ACCORDING SKALLI, DURING CONSTRUCTION OF THE FURNACES,

UNDER MIDREX SUPERVISION, SEVERAL MISTAKES WERE MADE INCLUDING  
INSTALLATION FAULTY REFRACRY BRICKS. MIDREX REFUSED TO  
REPLACE BRICKS AND SEFERIF REPLACED FOR A PRICE IN EXCESS OF  
200,000 DOLLARS. EVEN THEN FURNACES DID NOT REACH PRESCRIBED  
PRODUCTION LEVELS. SKALLI SAID THAT HE IS PERSONALLY  
PERSUADED THAT EQUIPMENT AS PRESENTLY INSTALLED CANNOT MEET  
CONTRACT STANDARDS PARTICULARLY IN LIGHT OF A GOM STUDY OF  
SIMILAR MIDREX PLANTS ELSEWHERE IN THE WORLD WHICH ALLEGEDLY  
HAVE SAME DIFFICULTIES.

4. SKALLI SUGGESTED THAT MR. FRANK FITTIPALDI OF MIDLAND-ROSS  
COME TO RABAT OR INVITE SEFERIF TO US TO NEGOTIATE DIRECTLY.  
CONTACT: MR. MEHDI SEDKI OF SEFERIF, 14 RUE ABOU FARIS EL  
MARINI, RABAT, TELEPHONE: 342-57.

5. IN DIRECT CABLE TO EMBASSY, FITTIPALDI OFFERED TO COME TO  
MOROCCO FOR DIRECT NEGOTIATIONS. EMBASSY RECOMMENDS HE CONTACT  
SEDKI TO ARRANGE TALKS. SKALLI ADDED THAT UNHAPPY  
AS THIS EXPERIENCE HAS BEEN, GOM RETAINS SUFFICIENT CONFIDENCE  
IN MIDLAND-ROSS TO PROPOSE FIRM FOR FURTHER WORK AND HAS  
ALREADY INVITED MIDLAND-ROSS TO UNDERTAKE OTHER UNSPECIFIED  
ACTIVITY IN MOROCCO.NEUMANN

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**Current Classification:** UNCLASSIFIED  
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**Disposition Case Number:** n/a  
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